

MT LEGISLATIVE HISTORY

Chapter 294 1991

Bill H 203 S _____

Original bill & hist. ☒ C

H. Committee on Business & Economic Development S. Committee on Business + Industry

Hearing Date(s) Jan 28 ☒ C

Hearing Date(s) Mar 15 ☒ C

Jan 30 ☒ C

Mar 18 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Date Out Jan 30 ☒ C

Mar 18 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

HB 201

HOUSE FINAL STATUS

HB 201 INTRODUCED BY COHEN

ANNEXATION OF WHOLLY SURROUNDED LAND

1/16 INTRODUCED
 1/16 REFERRED TO LOCAL GOVERNMENT
 1/16 FIRST READING
 2/05 HEARING
 2/14 TABLED IN COMMITTEE

HB 202 INTRODUCED BY COHEN

PROHIBIT USE OF FEDERAL FUNDS TO SUPPLANT
 STATE FUNDS FOR VO-TECH CENTERS

1/16 INTRODUCED
 1/16 REFERRED TO EDUCATION & CULTURAL RESOURCES
 1/16 FIRST READING
 1/16 FISCAL NOTE REQUESTED
 1/21 FISCAL NOTE RECEIVED
 1/22 FISCAL NOTE PRINTED
 1/23 HEARING
 1/28 TABLED IN COMMITTEE

HB 203 INTRODUCED BY S. RICE

INCLUDE INSURANCE COMPANIES IN DEFINITION
 OF REGULATED LENDER

1/16	INTRODUCED		
1/16	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT		
1/16	FIRST READING		
1/28	HEARING		
1/30	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/01	2ND READING DO PASS MOTION FAILED	47	53
2/01	SEGREGATED FROM COMMITTEE OF WHOLE REPORT AND PLACED AGAIN ON 2ND READING		
2/05	2ND READING PASSED	60	37
2/07	3RD READING PASSED	63	36
	TRANSMITTED TO SENATE		
2/08	FIRST READING		
2/08	REFERRED TO BUSINESS & INDUSTRY		
3/15	HEARING		
3/18	COMMITTEE REPORT—BILL CONCURRED		
3/20	2ND READING CONCURRED	46	2
3/21	3RD READING CONCURRED	46	3
	RETURNED TO HOUSE		
3/27	SIGNED BY SPEAKER		
3/27	SIGNED BY PRESIDENT		
3/27	TRANSMITTED TO GOVERNOR		
4/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 294		
		EFFECTIVE DATE: 10/01/91	

HB 204 INTRODUCED BY S. RICE, ET AL.

REVISE OVERTIME COMPENSATION PERIODS
 IN CONSTRUCTION INDUSTRY

1/16	INTRODUCED		
1/16	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
1/16	FIRST READING		
1/29	HEARING		
1/30	COMMITTEE REPORT—BILL PASSED		
2/01	2ND READING PASSED	94	5
2/04	3RD READING PASSED	97	1
	TRANSMITTED TO SENATE		
2/05	FIRST READING		

Proponents' Testimony:

John Cadby, Montana Bankers Association, said this is to clarify restrictive language in the branch banking bill passed last session. The bill was interpreted that a Billings bank could put a bank in Western Montana. It can be read two different ways. SB 20 is to eliminate any misunderstandings. No bank has attempted to put a branch across the state or in a parent city or county. There have only been five branches created, one each at Lolo, Troy, Gardiner, Frenchtown, and Florence. They are branches of independent banks within those counties.

Opponents' Testimony: NoneQuestions From Committee Members:

REP. KNOX asked about the language restricting branch bank sites. Mr. Cadby answered that paragraph was rewritten so it is perfectly clear you have to stay within your county or a neighboring county.

REP. SHEILA RICE asked if the word 'city' is what he meant. Would a branch bank have to be in a city? Mr. Cadby said it is very broad language. They spent hours last session trying to find a definition that would allow a branch to be established in a community, but not in the suburbs of a large town. That language was the agreed upon language with the Independent Bankers Association in the last session. It includes unincorporated towns like West or East Glacier. It doesn't include small communities.

Closing by Sponsor:

SEN. THAYER said this is a language cleanup bill to avoid future misinterpretation. SB 20 will put it in the format as was intended last session. REP. THOMAS is to carry SB 20 in the House. SEN. SWIFT urged favorable consideration.

HEARING ON HOUSE BILL 203Presentation and Opening Statement by Sponsor:

REP. SHEILA RICE, HD 36, Great Falls, explained HB 203 provides clarity. There are two reasons for this bill. Section 1 asks that a mutual or stock insurance company be included as a regulated lender in Montana. Line 9, page 2 the words 'mutual or stock insurance company regulated by any state' are stricken because they would now fall under the definition of regulated lender. There are two reasons, one is to bring mutual or stock insurance companies into conformity with other statutes in Montana Codes; secondly, it would present a level playing field so all lenders, especially in the agricultural community, would be under the definition of regulated lenders. This bill is important. See the highlighted areas in EXHIBIT 1. (2) includes with the words state

or national chartered bank 'a mutual or stock insurance company'. These are already included in the definition of regulated lenders. A regulated lender is not subject to the usury statute. If this bill is passed, mutual or stock insurance companies would be subject to regulated lender laws and would be exempt from the usury laws.

She read the Affidavit written by Thomas L. Ellis, a Conrad farmer who was unable to be here. EXHIBIT 2. He had contacted six bankers in Northcentral Montana and they had no objections to the proposed amendments.

Art Matteucci, Great Falls, appeared on behalf of The Travelers Insurance Company Real Estate Investment Division. They believe this amendment should go through so the laws regulating other lenders would be in conformity with those of insurance companies. The insurance companies perform the same function as do other lenders listed under the definition of regulated lenders in Section 31-1-111. There really is no reason to exclude insurance companies from this definition. If the insurance companies are not regulated by one of the agencies enumerated in subsection (1), they would not come under this exemption given to regulated lenders by Section 31-1-111. The inclusion of insurance companies was overlooked when previously enacted. The retroactive application of this law would place this law in conformity with other laws pertaining to lenders such as the law of Right of First Refusal, and the exemption proposed by HB 203. In the handout the definition of 'Holder of foreclosed agricultural land' means a national- or state-chartered bank, a mutual or stock insurance company regulated by any state,' that is the exact language requested to be inserted in Section 31-1-111. Also Mr. Ellis on his own, talked to six Northcentral Montana bankers, and that Affidavit speaks for itself that there is no opposition. This amendment will not mean more money for insurance companies because of higher interest rates or higher interest rates for Montanans. There will still be competition with other insurance companies and all the other money lenders. This exemption has not been abused by the banks. Now and in the past, banks do have the exemption. Insurance companies which don't have the exemption are very, very profitable. In summary, this amendment would provide consistency in the treatment of lenders and put all the lenders on a level playing field.

Opponents' Testimony: None

Questions From Committee Members:

REP. WALLIN asked if this pertains only to foreclosed farm land and doesn't have anything to do with residential property. Mr. Matteucci answered that Title 31, MCA, includes Montana's usury laws. He is mainly concerned with farm lands, but the Right of First Refusal is the one which deals only with foreclosed agricultural lands. Section 31-1-111 defines "regulated lenders" who are not restricted to lending on farm land.

REP. WALLIN asked why the words 'a mutual or stock insurance company regulated by any state,' were taken out of section (2) and put in section (1) the definition section. REP. SHEILA RICE explained that if it were included in section (1), it would be redundant to leave it in section (2). Mr. Matteucci said he would like to have the words 'mutual stock and insurance company' included in the definition of regulated lenders in Section 31-1-111. They do on page 2, but that isn't really clear. Section 70-32-221 has absolutely nothing to do with the usury rates. This has to do with Homestead exemptions and providing a waiver to the lenders. These are two completely different situations. We want to conform with Section 70-32-221 which is the Homestead exemption and Right of First Refusal which is Section 25-13-901. REP. BACHINI asked why is Section 70-32-221 needed when there is no correlation between the two? REP. RICE said the bill drafter did that because it was necessary to take out the words 'a mutual stock, etc.' otherwise it would be redundant. A mutual stock insurance company is a regulated lender in the first section and it would be redundant to include it in the second section. Mr. Matteucci said they did not request the amendment in Section 70-32-221. Mr. Verdon, researcher, said he was puzzled by this, too, that it worked out this way. Section 31-1-111 applies the definition of "regulated lender" only to the provisions of Section 31-1-112, and restricts that definition to that section. It doesn't apply to Section 70-32-221. REP. BACHINI said this will be checked out before executive action is taken.

REP. LARSON asked REP. RICE if she checked with the auditor's office regarding the amendments. She said she had. Mr. Dave Barnhill, Deputy Insurance Commissioner, said the Insurance Department does not regulate insurance companies when they make commercial loans. Therefore they take no position on this bill.

Mr. Verdon asked Mr. Matteucci if Section 2 amends Section 70-32-221 to strike mutual or stock insurance companies regulated by any state, and provides for borrowing money from a regulated lender. In Section 2 on line 12 they use the term 'financial institution'. On line 23, page 2, the term 'financial institution', is used as the statute does. His understanding of the definition of financial institution doesn't necessarily include an insurance company. It would seem this bill would be more effective if 'financial institution' were stricken in both those places, and replaced with 'regulated lender' to comply with the definition that appears for this purpose in Section 1. Mr. Matteucci said they were not aware of the language in Section 70-32-221, so he didn't have thoughts on that, but he agreed after hearing this discussion it appears to be more consistent to replace financial institution with regulated lender.

REP. WALLIN asked REP. RICE if amendments to that effect would be agreeable with her. REP. RICE answered yes. She would check with the drafter and make sure no changes have been made.

REP. STEPPLER asked about not regulating insurance companies that

make commercial loans. Mr. Barnhill explained the insurance commissioner regulates insurance companies but does not regulate this aspect of their business. REP. STEPPLE said that under this definition then, they would be considered an insurance company under the definition of regulated lender. Mr. Barnhill said the insurance commissioner regulates insurance companies with respect to solvency, policy provisions and the performance of those policies. They simply are not involved in the regulation of insurance companies in the performance of banking type functions, such as making loans for commercial purposes. A regulated lender is not subject to Title 33, MCA, the insurance code.

REP. BACHINI said that is the financial area where lending would be under the Department of Commerce.

REP. LARSON asked if they would then fall under the banking laws. Mr. Barnhill wasn't sure, but in all probability they would be.

Closing by Sponsor:

REP. RICE said she will work with Mr. Verdon and the bill drafter on appropriate amendments.

HEARING ON HOUSE BILL 196

Presentation and Opening Statement by Sponsor:

REP. TOM KILPATRICK, HD 85, Laurel, sponsor, is very interested in value-added products. HB 196 would create a value-added commission. Value-added means taking a raw product that is grown, mined, or otherwise produced in Montana, and by some process giving it more value. For example, cattle in Montana are shipped out-of-state to be butchered, the hide is taken out of state and is returned to Montana as leather at an increased price; Montana has lost value there. Timber is sent to Japan, processed in some ways and returned, and Montana loses money in the process. Montana has some value-added products now. Columbus has a timber weld process to make laminated wood beams. They are some of the best known beams in the United States; in fact many people suggest they are better than steel. Columbus also has a smelter recently built to process platinum and palladium mined in Montana. In Livingston scrap wood is glued together to make molding. These are value-added products. There are thousands of ways to make value-added products. Some are known, some are untried, and some are unknown.

Page 2, subsection (e) explains how a commission consisting of nine members is to be appointed: one from the wood products, oil and gas, coal mining, metal and nonfuel mineral mining, livestock, grain producers, manufacturing, high technology, tourism, and one member from the University Research Development Program. This ten member commission would meet to discuss a strategy to add value before exportation to Montana's basic

HOUSE OF REPRESENTATIVES

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE

January 28, 1991

[illegible]

Ex. 1A

1-28-91

HB 203

WITNESS STATEMENT

NAME Art Maffucci ^{House} BILL NO. 203
ADDRESS Box 149 DATE 1/28/91
WHOM DO YOU REPRESENT? Travelers
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

STATE OF MONTANA)
 : ss.
County of Cascade)

A F F I D A V I T

COMES NOW, THOMAS L. ELLIS, Affiant herein, upon being first duly sworn, deposes and states:

1. I, THOMAS L. ELLIS, presently live in Conrad, Montana, and have lived and farmed in the Conrad area for more than 40 years since leaving Carroll College in 1950. Also, I have been on the Board of Directors for the Farmers State Bank of Conrad, for approximately twenty (20) years. Also, with regard to the Farmers State Bank of Conrad, I have served on the Investment Committee for seventeen (17) years and also have served on the Loan Committee and Budget Committee.

2. I have reviewed the proposed Amendment to Section 31-1-111, MCA, and have discussed said Amendment with six (6) bankers in Northcentral Montana to ascertain how the banking community would view such an Amendment. There was absolutely no objection whatsoever to said Amendment, in fact, the bankers said that it would only be fair to have the insurance companies included within the definition of "regulated lenders", and that all of the lenders should be on level playing field. Further, the bankers with whom I discussed the proposed Amendment, felt that such an Amendment would give the insurance companies greater incentive to loan more dollars to Montana and invest more money in our State. They felt that it would be an advantage to Montana and its economy to make such an Amendment.

Ex. 2

1-28-91

HB 203

Further, you Affiant sayeth not.

Thomas L. Ellis

THOMAS L. ELLIS

SUBSCRIBED AND SWORN TO before me this 25th day of
January, 1991.

Derrice L. Beck

(NOTARIAL SEAL)

Notary Public For The State Of Montana
Residing At Great Falls, Montana
My Commission Expires: 1/23/93

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

COMMITTEE

BILL NO. HR 203

DATE June 2/1991 SPONSOR(S) C. H. H. H.

PLEASE PRINT

PLEASE PRINT

[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By REP. BOB BACHINI, CHAIRMAN, on January 28, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Bob Bachini, Chairman (D)
Sheila Rice, Vice-Chair (D)
Joe Barnett (R)
Brent Cromley (D)
Alvin Ellis, Jr. (R)
Stella Jean Hansen (D)
Tom Kilpatrick (D)
Dick Knox (R)
Don Larson (D)
Scott McCulloch (D)
Bob Pavlovich (D)
John Scott (D)
Don Steppler (D)
Rolph Tunby (R)
Norm Wallin (R)

Members Excused: REPS. STEVE BENEDICT, TIM DOWELL, and
H.S. 'SONNY' HANSON.

Staff Present: Paul Verdon, Legislative Council
Jo Lahti, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: SB 20, HB 203, and HB 196 were to be
heard, and executive action taken on SB 20.

HEARING ON SENATE BILL 20

Presentation and Opening Statement by Sponsor:

SEN. GENE THAYER, presented SB 20 for SEN. BERNIE SWIFT, Sponsor.
SEN. THAYER explained this is an Act clarifying permissible
locations of branch banks. It is a clean-up bill to clarify the
language of where a branch bank could be started. There was no
opposition in the Senate hearing, and it passed the Senate on a
50-0 vote.

lines insurance is relatively easy to acquire in a soft market. It becomes harder to acquire in a hard market.

Closing by Sponsor:

REP. SPRING recommends do pass as amended.

EXECUTIVE ACTION ON HB 297

Motion: REP. HANSEN MOVED HB 297 DO PASS.
REP. ELLIS moved HB 297 be amended.

Discussion:

REP. ELLIS discussed the amendments. In the Title on Page 1, line 9, following "A", insert "Montana", and on line 11, strike "producers" and insert "insurers". On Page 4, line 22, following "identifies the" insert "Montana-licensed" and following "producer" insert "or Montana-licensed surplus insurance lines producer". EXHIBIT 5.

Vote: Motion to amend HB 297 carried unanimously.

Motion/Vote: REP. HANSEN MOVED HB 297 AS AMENDED DO PASS.
Motion carried unanimously.

EXECUTIVE ACTION ON SB 48

Motion: REP. DOWELL MOVED SB 48 DO PASS.

Discussion:

REP. KNOX spoke in opposition to the bill. It is clear that this is going to reduce competition for grain produced in Montana. It is a sick business now, and we definitely do not want to reduce competition for the product. The rationale is that dealers from other states will obviously buy from neighboring states if they have the opportunity, rather than purchase a bond to buy grain in Montana.

REP. LARSON will vote in opposition to the bill.

REP. DOWELL agrees with what he has heard from REP. KNOX and REP. LARSON. The producers were opposed in most cases.

Motion/Vote: REP. DOWELL MADE A SUBSTITUTE MOTION TO TABLE SB 48. Motion carried 10 to 8 by roll call vote. EXHIBIT 6.

EXECUTIVE ACTION ON HB 203

Motion: REP. SHEILA RICE MOVED HB 203 DO PASS.
REP. SHEILA RICE moved HB 203 be amended.

Discussion:

REP. RICE discussed the amendments. On Page 2, lines 12 and 23, strike the words "financial institution" and insert "lender".

REP. SONNY HANSON asked just what it does. His understanding of that section is it basically talks about usury laws and we're pulling this out from underneath. By changing financial institution, we're expanding to all institutions.

REP. RICE said this section is just on the Homestead Act. It is a drafter's change to make the law conform between the two sections. The usury laws are dealt with in section 1.

REP. CROMLEY said the bill now talks about insurance companies and banks, rather than financial institutions.

REP. HANSON asked if this modification is predicated on adoption of the bill by putting insurance companies in. If insurance companies had not been added, it would remain financial institutions.

REP. CROMLEY said Section 2 talks about a series of companies, banks, credit unions, and collects them all and calls them financial institutions. Now instead of calling them financial institutions, they are called lenders. It is just different wording.

Vote: Motion to amend HB 203 passed unanimously.

Motion: REP. SHEILA RICE MADE A SUBSTITUTE MOTION HB 203 AS AMENDED DO PASS.

Discussion:

REP. SONNY HANSON spoke against the bill. He did checking on the bill to find out why it appeared. The only reason seems to be an insurance company has rewritten an existing loan and is now charging a greater percent interest in violation of the usury law. They wish to foreclose on the property, and would consequently be in violation of usury laws during a foreclosure. Insurance companies are not regulated lenders in the sense that banks and corporations are. Nobody really pushes and supports this bill other than an attorney who testified on the bill. This is a single issue.

REP. BACHINI said so often there is legislation before committees that is a single issue situation.

REP. CROMLEY supports the bill. He does not feel it is a single situation, but a series of situations where insurance companies have loaned money. If a bank is also involved, the insurance companies are in a different position than the bank lenders.

REP. KILPATRICK asked if the representative of the Auditor's Office said there is no control as it stands now, but if

insurance companies are put in as a lender with banking there is some control.

REP. TUNBY said in his notes, the Auditor's office took no position. They made statements, but not pro or con.

REP. LARSON would like to have the sponsor respond to REP. HANSON's views. REP. RICE thought REP. HANSON was describing a hypothetical situation that could occur. Her understanding from the constituent who asked her to sponsor the legislation, is the idea of the bill would be to put insurance companies on the same footing as banking institutions relative to agricultural loans.

REP. ELLIS asked the sponsor if the insurance companies have to jump through the same hoops as regulated lenders? Do they qualify in other circumstances as regulated lenders? REP. RICE said if insurance companies are put under this regulated lender category, then they have all the regulations of a regulated lender. Whether or not they are exactly synonymous with banking regulations, she cannot say.

REP. ELLIS asked if this would create a fiscal impact. REP. RICE said none was ever talked about with the state agencies.

REP. HANSON said insurance companies are not a regulated lender. They fall in the regulated lender status for state operation. Insurance companies are taken from the usury portion of the law to give them some of the benefits of a banking institution but federal regulations are not imposed.

Paul Verdon said the definition in Section 31-1-111 applies only as it affects 31-1-112, the interest rate limitation exemption. This does not put the insurance company under any regulation except the limitation of the usury law.

REP. McCULLOCH spoke in favor of the motion.

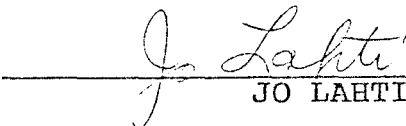
Vote: Motion that HB 203 as amended do pass carried 11 to 7 by roll call vote. EXHIBIT 7.

ADJOURNMENT

Adjournment: 11:00 A.M.



REP. BOB BACHINI, CHAIRMAN



JO LAHTI, SECRETARY

BB/jl

HOUSE OF REPRESENTATIVES.

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE _____

Jan 30, 1991

[illegible]

HOUSE STANDING COMMITTEE REPORT

January 30, 1991

Page 1 of 1

Mr. Speaker: We, the Committee on Business and Economic Development report that House Bill 203 (first reading copy -- white) do pass as amended.

Signed: _____
Bob Bachini, Chairman

And, that such amendments read:

1. Page 2, line 12.
Strike: "financial institution"
Insert: "lender"
2. Page 2, line 23.
Strike: "financial institution"
Insert: "lender"

DATE 1/30/91
HB 203

HOUSE OF REPRESENTATIVES

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

DATE Jan. 30, 1991 ROLL CALL VOTE
BILL NO. HB 203 NUMBER 2

MOTION: To Pass as Amended

NAME	AYE	NO
REP. JOE BARNETT		✓
REP. STEVE BENEDICT		✓
REP. BRENT CROMLEY	✓	
REP. TIM DOWELL	✓	
REP. ALVIN ELLIS, JR.		✓
REP. STELLA JEAN HANSEN	✓	
REP. H.S. "SONNY" HANSON		✓
REP. TOM KILPATRICK	✓	
REP. DICK KNOX	✓	
REP. DON LARSON	✓	
REP. SCOTT MCCULLOCH	✓	
REP. BOB PAVLOVICH		✓
REP. JOHN SCOTT	✓	
REP. DON STEPPLER	✓	
REP. ROLPH TUNBY		✓
REP. NORM WALLIN		✓
REP. SHEILA RICE, VICE-CHAIR	✓	
REP. BOB BACHINI, CHAIRMAN	✓	
TOTAL	11	7

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By Chairman J.D. Lynch, on March 15, 1991, at 10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 530

Presentation and Opening Statement by Sponsor:

Representative Vivian Brooke, sponsor of the bill, stated that there was some technical changes made to the bill to put it into the correct section of the code. HB 530 clarifies that insurance companies could not exclude from coverage or consider an application for people with genetic conditions, or developmental delay, or developmental disability. If a family has a down syndrome child, and wants basic healthcare coverage for that child's perhaps, broken arm, or other necessary hospitalization that is not related to the genetic condition, that insurance companies will be clear that they should consider the application, and they should not exclude from coverage those children, and also for life insurers.

Proponents' Testimony:

John Opitz, chairman of the department of medical genetics

office get wanting to know this information.

Susan Witte stated that there are many calls on medical liability insurance.

Senator Williams asked Susan Witte if this will add to the commissioner's office, what will they need if this bill is passed.

Susan Witte replied that they would need one file clerk, and four file cabinets is what the commissioner figured she would need for this bill. That is why there is a fifty dollar fee.

Senator Lynch asked why is it necessary that we get information from all fifty states rather than our state.

Representative Whalen stated that the bill doesn't require that you get information from all fifty states.

Senator Thayer stated that the insurance commissioner in the past has always brought us bills that conform to the model legislation that has been drafted by the national association, if this bill is so important to the insurance commissioner, why wasn't the bill drafted along model lines.

Representative Whalen stated that model legislation doesn't necessarily serve this state in reasoning.

Closing by Sponsor:

Representative Whalen closed by saying that this is an extremely important piece of legislation. It is time that we have the information presented to us to determine whether or not what we did was appropriate. If that information is available to us we can determine whether or not insurance carriers are treating our insured in the state in a fair manner.

HEARING ON HOUSE BILL 203

Presentation and Opening Statement by Sponsor:

Representative Sheila Rice, sponsor of the bill, stated that this bill makes a change in laws regarding usuary. The bill adds the words, on page one, line sixteen, "or a mutual stock or insurance company" to section thirty one, line one, one, one. By adding mutual and stock insurance companies we simply level the playing field. Mutual stock insurance companies are important lenders in Montana, especially in the agriculture sector. This is important because in order for the agriculture lenders to continue lending in Montana they need to be on the same competitive basis as banks, savings and loans, etc. Section two of the bill, was added by legislative council to make the language consistent.

Proponents' Testimony:

Art Matteucci, representing traveler's insurance company,

stated that he has an affidavit from Thomas Ellis (See Exhibit 12). Insurance companies perform the same function as the other lenders listed under the definition of regulated lenders. There is no reason to exclude insurance companies from this group of entities which are exempt from usuary statutes.

Gene Phillips, representing the national association of independent insurers and the alliance of American insurers, stated that they support the legislation.

Jacqueline Terrell, representing the American insurance association, stated that this bill simply allows insurance companies to lend to businesses in the same way that a bank or credit union can lend to a company, business, or an individual. Montana's usuary laws are directed to contract or loans between private individuals, so there was a purpose to those being regulated in a different manner. This bill will encourage investment in Montana, it will be good for business in Montana, and it will be especially good for agriculture in Montana.

Opponents' Testimony:

Representative H.S. Hansen stated that initially this bill was presented as very simple bill. Reclass insurance companies so that they would be on a level playing field as a regulated lender. That bill does not do this. This bill puts money in the insurance company's pocket. All that we are talking about with this bill is usuary section of law. Under the definition section, we are saying that we are going to make the insurance company a regulated lender.

Questions From Committee Members:

Due to time running out, Senator Lynch stated that this hearing will continue starting with the questions section, on Monday, March 18, at 10:00 a.m.

Closing by Sponsor:

Continued Monday, March 18, at 10:00 a.m.

ADJOURNMENT

Adjournment At: 12:30 a.m.

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Raymond Lott	SHR Logging	HB 169	✓	
Herman Williams	Self	HB 169	✓	
Richard J. Smith	Smith-Ballou-Smith Logging	HB 169	✓	
Ernie Nunn	Forest Service	HB 169	✓	✓
GENE PHILLIPS	NAT. ASSOC. IND. INS. ALLIANCE AMER. INS.	HB 203	X	
"	"	HB 241		X
Arthur Matteucci	Travelers Ins Co	HB 203	✓	
Jim Kumbel	Public Safety Div / DOC	HB 169	Information	
Jack Mahon	R-Y Timber	HB 169		X
Patrick O. Connell	Rocky Mountain Log Homes	HB 169		X
Mark Willicorn	Champion International	HB 169		X
Graig K. Thomas	Champion International	HB 169		X
John Opitz	Self	HB 30	✓	
Billy L. Pearl	Plum Creek Lumber Co.	HB 169		✓
Mike Atwood	Bland Lumber	HB 169		✓
Don Ruizma	Darby Lumber	HB 169		✓
Paulette Bailey	Self	HB 169	✓	
Ellen Roberts	Self	HB 169	✓	
Benny Slam	Dist 52	HB 169	✓	
Cris Volinsky	DD Lobbyist	HB 530	✓	
Tom Hopgood	HIAA	HB 530	✓	
Margulene N. Terrell	Am. Insurance Assoc.	SB 203	✓	
Margulene N. Terrell	Am. Insurance Assoc	HB 241		✓
LARRY ALEY	MT ASSOC OF LIFE UNDERWRITERS	HB 203	✓	
LARRY ALEY		HB 530	✓	
Steve Brunning	State Farm Insurance	HB 241		✓

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 15 day of March, 1991.

Name: Arthur Matteucci

Address: 2925-4th Ave No

Telephone Number: 761-5415

Representing whom?

Traveler's Club Co.

Appearing on which proposal?

HB 203

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

STATE OF MONTANA)
 : ss.
County of Cascade)

MANTUSSI SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 12
DATE 3/15/91
BILL NO. HB 203

A F F I D A V I T

COMES NOW, THOMAS L. ELLIS, Affiant herein, upon being first duly sworn, deposes and states:

1. I, THOMAS L. ELLIS, presently live in Conrad, Montana, and have lived and farmed in the Conrad area for more than 40 years since leaving Carroll College in 1950. Also, I have been on the Board of Directors for the Farmers State Bank of Conrad, for approximately twenty (20) years. Also, with regard to the Farmers State Bank of Conrad, I have served on the Investment Committee for seventeen (17) years and also have served on the Loan Committee and Budget Committee.

2. I have reviewed the proposed Amendment to Section 31-1-111, MCA, and have discussed said Amendment with six (6) bankers in Northcentral Montana to ascertain how the banking community would view such an Amendment. There was absolutely no objection whatsoever to said Amendment, in fact, the bankers said that it would only be fair to have the insurance companies included within the definition of "regulated lenders", and that all of the lenders should be on level playing field. Further, the bankers with whom I discussed the proposed Amendment, felt that such an Amendment would give the insurance companies greater incentive to loan more dollars to Montana and invest more money in our State. They felt that it would be an advantage to Montana and its economy to make such an Amendment.

Further, you Affiant sayeth not.

Thomas L. Ellis
THOMAS L. ELLIS

SUBSCRIBED AND SWORN TO before me this 25th day of
January, 1991.

(NOTARIAL SEAL)

Derrice B. Beck
Notary Public For The State Of Montana
Residing At Great Falls, Montana
My Commission Expires: 1/23/93

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By Chairman J.D. Lynch, on March 18, 1991, at
10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 203

Presentation and Opening Statement by Sponsor:

THIS HEARING IS CONTINUED FROM 3/15/91. , SEE MINUTES FROM
3/15/91.

Proponents' Testimony:

SEE MINUTES FROM 3/15/91.

Opponents' Testimony:

SEE MINUTES FROM 3/15/91.

Questions From Committee Members:

Senator Gage asked if there was something in 31-1-112 that
refers to other sections of the code that a regulated lender
might apply to.

Representative Sheila Rice, sponsor of the bill, stated that the only other reference in 31-1-112 is that finance operation that finances transactions between merchants which is defined in 32-104. 32-104 refers to definitions of merchants and defines financing agency.

Senator Williams asked if someone could define usuary tax.

Jacqueline Terrell responded by saying that the usuary statutes are to do is protect people in loan transactions, generally between private parties, but between persons that aren't otherwise controlled by other law.

Senator Thayer stated that the only thing that he got out of the testimony was that effectively all that this thing will do is put these mutual stock insurance companies in the same category as other major lenders. The testimony stated that they aren't going to change their rates, or would it allow them to raise their rates. Isn't this all that the bill does.

Representative Rice responded by saying that the market regulates the rates. The reason that this bill is brought here is that it was never a question whether or not a mutual stock insurance companies were subject to the usuary laws until very recently within the last two years when that was a charge in a case.

Closing by Sponsor:

Representative Sheila Rice closed by saying that this is fair treatment for insurance companies in Montana. It sends a message that Montana wants these insurance companies as agriculture lenders in Montana. They are a very necessary part of the agriculture scene in Montana, and failure to pass this bill will send an opposite message.

HEARING ON HOUSE BILL 719

Presentation and Opening Statement by Sponsor:

Representative Dave Brown, sponsor of the bill, stated that this bill is all about who may perform independent medical examinations when chiropractic patients are involved. This bill ensures when an independent medical examination is done, either by study of a patients charts and records, or by an actual physical examination of the patient that if that individual is a chiropractic patient, the independent examiner will be a chiropractor. The chiropractor must be licensed and practicing in the state of Montana, the treating physician never preforms this function. In the course of treatment of a patient, from time to time, an insurer may request that an examination must be done by a physician who is not in charge of the current treatment of a patient. This exam is done in order to determine if the current course of treatment is the best course. Usually in practice, these evaluations of chiropractic patient care are preformed by chiropractors. Sometimes exams are preformed by medical doctors, and this can be particularly troublesome. There is a long standing discriminatory attitude on the part of many

Discussion:

None

Amendments, Discussion, and Votes:

The motion made to amend HB 209 passed unanimously.

Recommendation and Vote:

The motion made that HB 209 be concurred in as amended passed unanimously. Senator Thayer will carry the bill to the floor.

EXECUTIVE ACTION ON HOUSE BILL 655

Motion:

Senator Williams moved HB 655 be concurred in.

Discussion:

Senator Noble stated that he felt that the people who testified in favor of the bill, especially the people who work with propane, were very knowledgeable and safety conscious.

Senator Hager stated that he was shocked when the opponents brought in the paper article from the explosion in Billings, Montana. He had carried a bill like this which had been defeated two weeks before that explosion happened. It was in the paper two weeks later that the explosion was definitely not caused by propane.

Senator Lynch stated that the fire marshal did not oppose the bill.

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion that HB 655 be concurred in passed unanimously. Senator Noble will carry the bill to the floor.

EXECUTIVE ACTION ON HOUSE BILL 203

Motion:

Senator Bruski moved HB 203 be concurred in.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion made by Senator Bruski that HB 203 be concurred in passed by 8 to 1 vote. Senator Thayer will carry the bill to the floor.

EXECUTIVE ACTION ON HOUSE BILL 169

Motion:

Senator Noble moved to amend HB 169.

Senator Williams moved HB 169 be concurred in as amended.

Senator Hager made a substitute motion that HB 169 do not be concurred in.

Discussion:

Senator Noble stated that he feels that the bill is not needed.

Senator Gage stated that to take the bill to the floor, you would have to educate the whole senate. The proponents did an excellent job in this bill. The bill is not worthy of it.

Senator Thayer stated that the key thing is what they do in their contracts. They have the ability in the current law to solve the problems, and they are moving towards scaling anyway.

Amendments, Discussion, and Votes:

The motion made to amend HB 169 passed by an 8 to 1 vote.

Recommendation and Vote:

The substitute motion made to do not concur in HB 169 failed by 5 to 4 vote.

The original motion that HB 169 be concurred in passed by a 5 to 4 vote. Senator Svcrek will carry the bill to the floor.

ADJOURNMENT

Adjournment At: 12:30 a.m.

COMMITTEE ON

DATE

3/18/91

BUSINESS & INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Dr. Lee Hudson	Mt. Chiropractic Assn.	HB 719	✓	
Dr. Pam Blanchard	Mt. Chiropractic Assn.	HB 719	✓	
Bonnie Tippy	Mt Chiropractic Assn	HB 719	✓	
GEORGE T. BENNETT	MONT. BANKERS ASS'N	H.B. 739	✓	
Tow Hoggood	Health Ins. Assoc. Amer.	HB 719		✓
Diana Koon	D of Revenue	HB 698	—	—
Steve Brown	Blue Cross-Blue Shield	HB 719		✓
Calqueline N. Verrell	Am. Ins. Assoc.	HB 203	✓	
Calqueline N. Verrell	Am. Ins. Assoc.	HB 419		✓
Bill Bringham	Board of Chiropractors	HB 719	✓	
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	HB 719		✓
LARRY AKEY	"	HB 203	✓	
George Wood	MT SELF INSURERS ASSOC	HB 719		✓
Gary Blom	MCA	719	✓	
Pat Sweeney	STATE FUND	719		✓
Jim T. Lusk	Mt. Ind. Assn	719		✓
Steve Browning	State Farm INS	HB 719		✓
Gene Phillips	Alliance Am. Ins.	HB 719		✓
Jack Anderson	Mt League of Soc	HB 203	✓	
Roger Tippy	Mt Berr & Winc() holesder	HB 698	✓	
Roger Tippy	Mt Indep Bankers	HB 739	✓	

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 3/18/91 Bill No. HB203 Time 10 a.m.

NAME	YES	NO
SENATOR WILLIAMS	X	
SENATOR THAYER	X	
SENATOR NOBLE	X	
SENATOR HAGER		X
SENATOR GAGE	X	
SENATOR FRANKLIN	X	
SENATOR BRUSKI	X	
SENATOR KENNEDY	X	
SENATOR LYNCH	X	

DARA ANDERSON

J.D. LYNCH

Secretary

Chairman

Motion: BE CONCURRED IN

THAYER TO CARRY

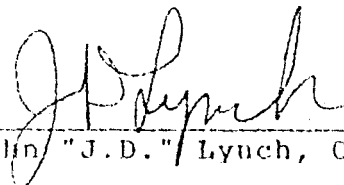
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 18, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 203 (third reading copy -- blue), respectfully report that House Bill No. 203 be concurred in.

Signed: _____


John "J.D." Lynch, Chairman

154 D. 146-71
Amd. Coord.

202-418 1:50
Sec. of Senate

HOUSE BILL NO. 203

INTRODUCED BY S. RICE

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND THE DEFINITION OF "REGULATED LENDERS" TO INCLUDE A MUTUAL OR STOCK INSURANCE COMPANY; AND AMENDING SECTIONS 31-1-111 AND 70-32-221, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 31-1-111, MCA, is amended to read:

"31-1-111. Definition of regulated lender. The term "regulated lenders" as used in 31-1-112 means:

(1) a bank, building and loan association, savings and loan association, trust company, credit union, credit association, consumer loan licensee, development corporation, or bank holding company, or a mutual or stock insurance company organized pursuant to state or federal statutory authority and subject to supervision, control, or regulation by:

(a) an agency of the state of Montana; or

(b) an agency of the federal government;

(2) a subsidiary of an entity described in subsection

(1);

(3) a Montana state agency or a federal agency that is authorized to lend money;

(4) a corporation or other entity established by congress or the state of Montana that is owned, in whole or in part, by the United States or the state of Montana and that is authorized to lend money."

Section 2. Section 70-32-221, MCA, is amended to read:

"70-32-221. Homestead subject to execution for certain judgments -- separate acknowledgment required. (1) If a borrower borrowing money from a regulated lender, as defined in 31-1-111, a mutual-or-stock-insurance-company-regulated by-any-state, or a farm credit system lender encumbers real property that otherwise would qualify as a homestead under Title 70, chapter 32, the financial-institution LENDER shall require the borrower to sign a written statement acknowledging that the real property is not exempt from execution as a homestead because under 70-32-202 it is subject to execution or forced sale to satisfy a judgment obtained on a debt secured by a mortgage or other encumbrance on the premises. The written acknowledgment may be in a document separate from, or may be included in, the loan agreement or loan documents and must be printed in capital letters of not less than 10-point boldfaced type and signed separately by the borrower.

(2) The financial-institution LENDER shall retain a copy of the acknowledgment provided for in subsection (1) until the mortgage or other encumbrance is paid or otherwise

REFERENCE BILL

HB 203

HB 0203/02

1 satisfied or discharged unless the acknowledgment is of
2 record in the office of the clerk and recorder."

-End-